

**MASSACHUSETTS DEPARTMENT OF  
HOUSING AND COMMUNITY DEVELOPMENT**

**National Housing Trust Fund  
(HTF)**

**ALLOCATION PLAN**

**October 2016**

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**NATIONAL HOUSING TRUST FUND  
Allocation Plan**

**Massachusetts Department of Housing and Community Development  
October 2016**

**I. Background and Purpose of the National Housing Trust Fund (HTF)**

The National Housing Trust Fund (HTF) is a newly-authorized federal program to support the development of affordable housing for low-income individuals and households. The HTF will be funded annually with certain proceeds available from two government-sponsored entities – the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). The U.S. Department of Housing and Urban Development (HUD) will administer the HTF at the federal level and will distribute trust funds to participating states in accordance with an established formula. Each participating state must identify one qualified housing agency to allocate the funds made available through HTF. In addition, each state must prepare and submit for HUD approval an allocation plan outlining the process it intends to follow to distribute the HTF monies. The HTF allocation process must be referenced both in the state’s Consolidated Plan (within the annual action plan) and in the state’s Qualified Allocation Plan (QAP) governing the administration of the Low Income Housing Tax Credit Program (LIHTC). The National Housing Trust Fund Interim Rule can be found at 24 CFR Parts 91 and 93.

In the Commonwealth of Massachusetts, Governor Charles D. Baker has identified the Department of Housing and Community Development (DHCD) as the allocating agency for the HTF. The U.S. Department of HUD recently has released the state-by-state allocation amounts for 2016, and Massachusetts will receive approximately \$3.4 million in HTF. It is DHCD’s intent to award the new funds as rapidly and efficiently as possible. To that end, DHCD has consulted with numerous housing developers, other housing professionals, municipal officials, affordable housing advocates, and other interested parties and has prepared the following allocation plan for the distribution of the HTF monies available in 2016. As required by HUD, the DHCD plan will be posted to the Department’s web site and available for public comment for at least 30 days prior to August 16, 2016 – the HUD deadline for each allocating agency to submit its plan. Given the amount of HTF currently available and the critical need in Massachusetts for housing with services, DHCD will award HTF in its first year of operation exclusively to housing with services. Massachusetts does not intend to appoint subgrantees for HTF.

**II. The Need for Affordable Housing with Services**

The National Housing Trust Fund was enacted by Congress to support affordable housing opportunities for individuals or households who are either very low-income (VLI) or extremely low-income (ELI). Individuals or households are defined as VLI if their incomes

are less than 50% of area median income (AMI). Individuals or households are defined as ELI if their incomes are less than 30% of AMI.

The housing burdens experienced by these income groups in all regions of the country have been well-documented. It is widely known that people who are VLI or ELI experience numerous housing challenges, including but not limited to:

- Current homelessness
- Unsafe and unsanitary living conditions
- Overcrowded living conditions
- Inability to pay for rent without assistance
- Inability to pay for heat and other utilities

In addition, VLI or ELI individuals or households often face other life challenges, including difficulty in paying for food, transportation, health care, child care, and other life necessities. Some VLI or ELI individuals or households face further special challenges. Low-income homeless veterans frequently cope with difficult medical challenges, including substance abuse, post-traumatic stress disorder, and difficulty in accessing necessary services. Frail seniors who are VLI or ELI may live in apartments or houses that are not suitable for persons with mobility issues and service needs. By one industry measure, every time a frail senior falls – and falls frequently occur in homes that are unsuitable for the frail elderly -- the cost of providing post-injury care averages almost \$90,000. Many frail seniors never fully recover from the physical and emotional impacts caused by falls. At the other end of the age spectrum, young adults who are aging out of state foster care systems often are VLI or ELI and face huge life challenges. Almost by definition, they have very limited support systems and are particularly vulnerable to substance abuse and homelessness.

These highly vulnerable populations clearly need housing they can afford, but they frequently need support services as well. No housing program – federal, state, or local – can ever address all the life challenges encountered by people with very low or extremely low incomes. But the new Housing Trust Fund offers agencies such as DHCD the opportunity to award capital dollars to produce deeply affordable units in combination with other resources to help fund services for new HTF residents. DHCD has the ability to help fund these support services through the state’s rental voucher program, known as MRVP (Massachusetts Rental Voucher Program). The Department currently plans to set aside 100 MRVP vouchers in support of newly-funded HTF units. Each voucher that DHCD awards will include up to \$1,500 annually in service funding for these units.

### **III. Successful Supportive Housing in Massachusetts**

DHCD has a long and successful history of providing federal and state funds to service-enriched housing – typically defined as units in multifamily rental projects with appropriate services available to tenants who need them. DHCD is strongly committed to the development of housing with services for special populations, including individuals or

households who are VLI or ELI and who potentially could benefit significantly from various services. Like much of the housing advocacy community, DHCD believes that very low- and extremely low-income individuals or households may have a chance to improve their life circumstances if they are appropriately housed and also able to access services, including but not limited to:

- Job search and training
- Financial literacy and planning
- Self-sufficiency training and coaching
- Counseling
- Parenting classes
- Early education and childcare services
- Mental health and addiction treatment
- Adult education and GED
- Skills training, etc.

In 2014, DHCD piloted a supportive housing initiative with funds provided by the Massachusetts Legislature through a program called the Housing Preservation and Stabilization Trust Fund (HPSTF). Since 2014, DHCD has awarded HPSTF monies, on a competitive basis, to qualified sponsors who are using the funds to develop 500 units of supportive housing. The HPSTF model has been highly successful, and it has provided DHCD with a useful blueprint to follow as the Department allocates HTF in its first operational year. In 2016, DHCD will allocate its HTF monies through a process similar in many ways to the Department's HPSTF allocation process.

In its first HTF competition, DHCD will prioritize projects that will provide service-enriched housing and housing for homeless families and individuals. The tenant preferences for each project will be evaluated as part of DHCD's HTF competition. As indicated, in the evaluation process, DHCD will give priority to projects with tenant selection plans that include some of the following criteria:

- Preference for homeless families
- Preference for homeless individuals
- Preference for veterans
- Preference for persons with disabilities
- Preference for other vulnerable populations, such as the frail elderly

Given the cost of producing or preserving deeply affordable units in Massachusetts, HTF will not be sufficient as a standalone source for projects. To augment the new HTF monies, the Baker Polito Administration will provide DHCD with at least \$5 million per year in additional state bond funds over the next few years for the sole purpose of producing or preserving more supportive housing. This critically important commitment from the Administration will greatly enhance the efficacy of the HTF monies in 2016. The additional state funds, coupled with HTF, will permit DHCD to hold a competition in 2016 for supportive housing projects.

#### **IV. HTF Competition in Massachusetts**

To be eligible for the HTF competition, sponsors must be non-profit entities or developers partnered with non-profit entities that receive support service funds from federal sources, from private foundations or sources, from the Executive Office of Health and Human Services, and/or from the Executive Office of Elder Affairs. Eligible sponsors will have the opportunity to apply for HTF, as well as certain state bond funds and MRVPs, through the special competition to be held in December 2016. DHCD intends to commit its full allocation of HTF through this competition, and, in accordance with HUD guidelines, will commit all HTF to ELI rental housing units in this initial funding cycle. DHCD does not intend to use HTF for homeownership units or homebuyer activities during the initial funding cycle. DHCD further anticipates allocating at least half of its HTF to units reserved for individuals or households making the transition from homelessness, as reflected in project tenant selection plans and affordable fair housing marketing plans.

As soon as HUD has approved DHCD's HTF allocation plan, the Department will issue a Notice of Funding Availability (NOFA) for HTF and several additional DHCD resources. Consistent with DHCD's past practice, the NOFA will include the deadlines by which sponsors interested in HTF must submit their pre-applications for DHCD review. The full funding competition for HTF and other DHCD monies in December will be invitation-only. Those sponsors whose pre-applications are approved by DHCD will be invited to submit full funding applications for HTF and other DHCD resources. The deadline for invitation-only, full funding applications will be included in the NOFA. Both pre-applications and full funding applications (OneStop+ applications) must be submitted through DHCD's Intelligrants system.

In general, the evaluation criteria for all applications will include, but will not be limited to, the following:

- Strength of overall concept
- Percentage of units to be reserved for homeless families or individual
- Strength of development team
- Appropriateness of tenant selection plan
- Evidence of market feasibility
- Demonstrated need for project in the target neighborhood
- Financial viability of the project
- Degree of local support, including local funding commitments
- Degree to which the project maximizes green building standards and sustainable development principles
- Evidence of intent to create units for residents who face multiple barriers to securing and/or maintaining permanent housing
- Demonstrated ability to provide effective stabilization and supportive services to establish and maintain successful tenancies

- Geographic location of project
- Minimum term of affordability: at least 30 years

It is DHCD's intent to award HTF and state resources during the December 2016 competition to projects that are highly ready to proceed. Further, it is DHCD's intent to award the funds to sponsors with extensive experience and strong track records in the development and operation of housing with support services. Sponsor experience and capacity will be critical elements in the DHCD review process. The degree of readiness of a project and its ability to move through the loan closing process to construction also will be critical review components. It is the Department's expectation that projects receiving HTF and/or state resources during the December 2016 competition will proceed to construction during 2017.

Interested sponsors should note that DHCD will award HTF as subordinate debt and will close all HTF assistance through the MassDocs process.

Sponsors of potential HTF projects for 2016 should note the following:

- In order to fund as many HTF units as possible, DHCD typically will cap the amount of HTF per eligible unit. Details on per-unit caps are included on page 8 of this plan. However, as previously indicated, sponsors also may seek certain additional state resources to complete their financing packages. Overall, sponsors should assume that DHCD will cap all Department assistance, other than state rental assistance, at \$125,000 per HTF unit, inclusive of the HTF per-unit cap.
- In order to support multiple projects with HTF units, DHCD typically will cap the amount of HTF per project at \$500,000.
- Priority will be given to sponsors who propose rents that are affordable to ELI households through the use of project-based rental assistance or other means such as cross subsidization of rents within the project. DHCD will set aside 100 MRVP vouchers to be available to applicants in the December 2016 competition.
- During the December competition, DHCD will consider both new construction and preservation/rehabilitation projects for HTF. Design and scope of work standards apply to both types of projects. Sponsors who previously have received DHCD assistance on affordable housing projects are familiar with DHCD's various standards. The design and scope standards are delineated in the Department's annual Qualified Allocation Plan (QAP) for the Low Income Housing Tax Credit. Standards also are delineated in the document entitled, "HTF Rehabilitation Standards" and included within this document as Attachment B. DHCD's architects will review the design and scope components of all applications for HTF and state resources during the December 2016 competition.
- While geographic diversity is important to DHCD in all its funding decisions, there are limits to the Department's ability to further such diversity through HTF during

the initial funding cycle, given the limited amount of HTF available. The Department believes that there is a need for supportive housing units in every region of the state. However, in Massachusetts, the number of homeless and extremely low income families and individuals is greatest in the City of Boston and the surrounding metropolitan area. In DHCD's view, this area would be well served by HTF projects. In addition, DHCD always encourages the creation of units for ELI individuals and families in so-called "areas of opportunity." The Department defines an area of opportunity, in part, as a neighborhood or community with a relatively low concentration of poverty based on U.S. Department of HUD data. In addition, DHCD identifies an area of opportunity as a neighborhood or community that offers access to jobs, health care, high performing school systems, higher education, retail and commercial enterprise, and public amenities.

## **V. Federal Requirements for HTF**

In accordance with HUD guidance, the funds available through HTF can only be used to directly support housing units for the target income groups (VLI and ELI individuals or households). HTF units can be included in projects that also serve higher income level tenants, but the HTF monies can only support the HTF-designated units. All HTF-assisted rental housing must meet a 30-year affordability period. On May 20, 2016, the U.S. Department of HUD issued a notice stating that state allocating agencies may only award their initial allocations of HTF -- the 2016 allocations -- to ELI individuals or households.

In accordance with HUD guidance, HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction and/or rehabilitation of non-luxury housing with suitable amenities. HTF will not be used to refinance multifamily debt. All HTF applications must include a description of the eligible activities to be conducted with HTF funds. Funds may be used to support:

- Real property acquisition
- Site improvements and development hard costs
- Related soft costs
- Demolition
- Financing costs
- Relocation assistance

In addition, HUD requires that each sponsor of an HTF-assisted project certify to the number of units by income group. In addition, sponsors must certify:

- That all tenants in HTF-assisted units meet the income limits as required by program guidelines
  - That the sponsor will comply with rent limits, determined to be no more than 30% of 30% of area median income

## **VI. Maximum Per-Unit Subsidy Limits**

The U.S. Department of HUD is requiring all HTF allocating agencies to establish maximum per-unit subsidy limits for all projects that include HTF assistance. The HUD guidance on establishing per-unit limits gives allocating agencies the option of developing and implementing new per-unit subsidy limits or using per-unit limits established for other federal programs, such as the Low Income Housing Tax Credit program (LIHTC).

The Massachusetts Department of Housing and Community Development has served as the allocating agency for the LIHTC and the federal HOME program for over 24 years and maintains an extensive database of multifamily rental projects funded through federal and state resources. The database currently contains information on more than 5,000 multifamily projects with 40,000 units and is updated with each new DHCD funding award or modification to an existing project. The information contained in the data base has been invaluable to DHCD in the development of numerous affordable housing policies. For example, during the past decade, the Department has been engaged in an ongoing effort to better manage the cost of developing affordable housing in Massachusetts. The information contained in the data base has helped DHCD make various determinations relative to appropriate project costs. Using the database and working with its quasi-public affiliate, the Massachusetts Housing Partnership, DHCD regularly updates statistics on cost. Each year, in DHCD's Qualified Allocation Plan (QAP) for the Low Income Housing Tax Credit (LIHTC), the Department uses the updated data to establish recommended cost limits per unit, based on project type, location, and size. The recommended cost limits per unit that apply to tax credit projects also apply to all other DHCD housing resources, including the HOME program and ten state-funded bond programs. The recommended cost limits per unit also will apply to the new Housing Trust Fund. The current recommended cost limits per unit are included with this document as Attachment C.

As indicated, the recommended cost limits take into account geography as well as other project characteristics, such as construction type and bedroom mix. For example, the DHCD database confirms what many lenders and developers understand anecdotally: projects located in certain regions of the state – particularly western Massachusetts and northern Worcester County – cost less to build or preserve than projects located within the city of Boston and the immediate metropolitan area. The recommended cost limits reflect these differences. As another example, DHCD maintains different per-unit cost limits depending on the size of the project as defined by the bedroom mix. DHCD categorizes projects that primarily feature studios and one-bedroom units as “smaller” projects. Projects with a significant number of two- and three-bedroom units are characterized as “larger” projects. In every region of the state, recommended cost limits are lower for smaller projects than for larger.

For DHCD, there is a direct correlation between the recommended cost limits per unit and the Department's commitment of subsidy per unit. Historically, DHCD is willing to award subsidy to support approximately 25% of the cost of producing or preserving an affordable

unit. It is the Department's long-standing practice to inform sponsors that they must obtain the balance of the financing per unit from other private and/or public sources. DHCD intends to follow its long-standing policy on subsidy per-unit in making HTF awards. For example, if a sponsor seeks HTF for a "small" production project located in Berkshire County, DHCD typically will hold the sponsor to a recommended TDC per unit of \$199,000 and an HTF award, if the project meets all criteria, not to exceed \$49,750. If a sponsor seeks HTF for a "larger" production project located in Suffolk County (City of Boston), DHCD typically will hold the sponsor to a recommended TDC per unit of \$399,000 and an HTF award not to exceed \$99,750. If a sponsor seeks other DHCD resources in addition to HTF, as many are expected to do, the amount of HTF may be reduced below the typical limit as DHCD awards other sources to the project. In general, sponsors should assume that DHCD typically will cap all HTF awards at approximately \$50,000 to \$100,000 per unit, depending on project characteristics and at \$500,000 per project.

## VII. Additional Information on HTF and DHCD Resources

Sponsors who are interested in seeking HTF to support eligible units within their projects should review all the following materials related to HTF or to DHCD's recent rental rounds:

- The HUD interim rule for HTF at <https://www.gpo.gov/fdsys/pkg/FR-2015-01-30/pdf/2015-01642.pdf>
- DHCD's Qualified Allocation Plan (QAP) for LIHTC (posted at <http://www.mass.gov/hed/docs/dhcd/hd/lihtc/2016draftqap.pdf>)
- DHCD's NOFA for the March 2016 rental funding competition (posted at <http://www.mass.gov/hed/docs/dhcd/hd/lihtc/winter-2016-rental-funding-round-nofa.pdf>)

Interested sponsors also may benefit from reviewing DHCD's 2015 NOFA for HPSTF, (posted at <http://www.mass.gov/hed/docs/dhcd/hd/hsf/hpstfnofa2015.pdf>). Also of importance are the U.S. Department of HUD's National Housing Trust Fund FAQs, which are appended to this document as Attachment F.

The DHCD documents referenced above all address the Department's current priorities for affordable housing projects. DHCD is encouraging projects that:

- Provide supportive services for some or all units
- Provide units serving a mix of incomes, including market rate units as well as affordable units
- Are located near major transit
- Are located near retail opportunities and services
- Will support neighborhood revitalization
- Will conform to the Commonwealth's principles of sustainable development
- Meet DHCD's standards for cost-reasonableness
- Are highly ready to proceed
- Are consistent with the relevant principles of fair housing

Sponsors should note that DHCD has certain standards for the support services to be delivered to tenants in supportive housing units. It is the Department's expectation that sponsors of projects seeking HTF in Massachusetts will adhere to DHCD's standards and policies for services and service delivery, appended to this document as Attachment A.

### **Additional Information**

For additional information on this allocation plan, please contact Catherine Racer or Ayana Gonzalez of DHCD at 617-573-1322 or 617-573-1305, respectively.

# **ATTACHMENT A**

## **DHCD and Support Services**

## ATTACHMENT A

### **DHCD and Support Services**

The standards and policies described below apply to services to be funded through the HTF as well as other DHCD sources.

Support services for individuals or families living in service-enriched housing units must be based on an individualized and detailed assessment of the individual or family's strengths and areas of needed support and improvement. In order for the assessments to be effective, the service provider must be experienced at individual or family outreach and engagement. As part of any application to DHCD for supportive housing (SH) funds, the sponsor is expected to describe the method to be used to prepare individual or family assessments.

DHCD will give preference in funding decisions to qualified applicants who intend to create SH units for individuals or families who face multiple barriers to securing permanent housing. Multiple barriers may include poor credit, prior evictions, past criminal offenses, poor rental history, and multiple shelter placements.

Effective stabilization and case management should assist an individual or family in maintaining a successful tenancy and increasing self-sufficiency. After an initial assessment of each tenant household, the service provider will develop an individualized service plan with measurable goals and objectives. The service plan should address the following: 1) maintaining a successful tenancy; 2) securing quality childcare, education, healthcare and recreational activities for any children in the household, 3) securing or improving adult education attainment and employment; 4) improving and maintaining behavioral and physical health; 5) improving financial and asset management skills; and 6) improving community connections.

The entity providing stabilization services and case management must document the individual or family's initial assessment and work plan and also must track and document the individual or family's engagement and progress toward the goals and measures outlined in the work plan. The services to be provided as well as the reporting requirements are subject to further DHCD guidance.

If the service provider is a different entity from the owner of the property receiving DHCD funds, the provider and the owner should have a successful record of previous collaboration and should provide DHCD with documentation (such as an MOU) of their previous work together.

Persons with disabilities will not be required to accept any medical or disability related services, although exceptions may apply to treatment for people with addictions.

# **ATTACHMENT B**

## **HTF REHABILITATION STANDARDS**

**ATTACHMENT B**  
**HTF REHABILITATION STANDARDS**

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## ATTACHMENT B

### HTF REHABILITATION STANDARDS

In May 2016, the U.S. Department of HUD issued Frequently Asked Questions (FAQs) on the rehabilitation standards to be established by state allocating agencies for rental or homebuyer housing with HTF assistance. Although the Massachusetts Department of Housing and Community Development (DHCD) has had extensive experience in establishing and implementing rehabilitation standards for programs including HOME and the Low Income Housing Tax Credit, DHCD has modified its existing rehabilitation standards in order to conform as closely as possible to the guidance published by HUD in the May 2016 FAQs.

During the first implementation year for HTF, DHCD will allocate the new funds only to multifamily rental projects. All sponsors of multifamily rental projects seeking HTF assistance must ensure that their projects conform to all the rehabilitation standards identified in this memorandum.

#### **I. Health and Safety In Occupied Rehabilitation Projects**

As part of the funding application to DHCD, each sponsor of an occupied project must provide a narrative describing the existing condition of the property and must identify any life-threatening deficiencies and a plan for addressing such deficiencies prior to commencement of renovation activities. The sponsor must describe how residents who will remain in structures under renovation will be assured of safe egress, protection from fire hazards, noxious fumes, exposure to hazardous materials, and loss of security for themselves and their possessions. This narrative is a mandatory requirement for occupied rental projects whose sponsors are seeking HTF. The narrative will be reviewed by DHCD's architects as well as other Department staff, and DHCD will conduct an inspection of the property prior to making a funding decision.

Certain health and safety issues must be addressed immediately when a unit is already occupied. These items include:

- Air Quality - Propane/Natural Gas/Methane Gas Detected
- Blocked Egress/Ladders
- Electrical Hazards - Exposed Wires/Open Panels
- Electrical Hazards - Water Leaks on/near Electrical Equipment
- Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable
- Missing Outlet Covers
- Missing/Damaged/Expired Extinguishers
- Misaligned Chimney/Ventilation System
- Outlets/Switches/Cover Plates - Missing/Broken
- Smoke Detector - Missing/Inoperable
- Windows - Security Bars Prevent Egress

For a complete list of health and safety requirements, please see Attachment D.

## **II. Major Systems**

The HUD FAQs from May 2016 identify major systems as structural support; roofing; cladding and weather proofing (e.g., windows, doors, siding, gutters); plumbing; electrical; heating, ventilation, and air conditioning. As part of the application to DHCD for HTF, each sponsor – regardless of the size of the project – must commission a capital needs study to be performed by a third party entity acceptable to DHCD. The capital needs study must address all major systems as defined by HUD as well as other components of the proposed project including fire suppression and/or detection, security, tel/data, stormwater management systems, basic livability requirements mandated by the Massachusetts State Sanitary Code, as well as requirements of the Massachusetts Architectural Access Board and applicable Federal accessibility standards. In addition, each sponsor’s architect must complete a systems checklist identifying each major system, its current condition, the proposed scope of rehabilitation, and the expected useful life of the system following rehabilitation. DHCD’s reviewing architects will evaluate the capital needs assessment as well as the systems checklist and all other components of the sponsor’s design and scope submission.

The term of affordability for all DHCD-funded HTF projects will be at least 30 years. If DHCD and its reviewing architects conclude that the useful life of one or more major systems in the proposed project does not meet the minimum period of affordability, the Department will require the sponsor to establish an appropriately-funded replacement reserve. If the project is funded, the Department will monitor the performance of the various systems over time and the sponsor’s response to systems deficiencies. Every DHCD-funded HTF project must meet health and safety standards as well as all applicable code requirements throughout the term of HTF affordability.

## **III. Energy Conservation and Green Design**

DHCD has a long history of encouraging and requiring sponsors of affordable housing projects to incorporate energy conservation measures and other thoughtful approaches to green design into their projects. Sponsors of rehabilitation projects seeking HTF will be required to provide information on energy efficiency and green design in their applications to DHCD, in particular, aspects of developments that exceed requirements of the base Massachusetts Building Code, or the “Stretch Code” if adopted by the locality

- The project sponsor must address how the site layout and site design adequately address environmental issues; vehicular and pedestrian circulation, parking needs; stormwater management; trash management, appropriate open space requirements; landscaping, outdoor amenities appropriate for the target population, accessibility to public ways and common amenities, visitability, etc.
- The project sponsor must address whether the project complies with energy efficient building envelope guidelines such as EPA’s Energy Star standards (including regular quality control inspections during construction), for

appliance and light fixture selection as well as air sealing and insulation measures.

- The project sponsor must address how the project will incorporate materials and equipment consistent with promoting a healthful interior environmental quality, including mechanical ventilation measures to provide fresh air, control humidity, exhaust bathrooms and kitchens, and generally promote good indoor air quality.
- The project sponsor must confirm that the project will provide interior CO detectors as mandated by state regulations.
- The project sponsor must confirm that the proposed project, at a minimum, will conform to state and local code-mandated regulations for water conservation (low flush volume toilets, low-flow faucet and showerhead devices, etc.) as well as storm water management. The sponsor should identify all water conservation measures that go beyond state/local regulations.
- The project sponsor must confirm that there will be sufficient construction oversight, building envelope testing, and building system commissioning to ensure that all systems are properly installed, adjusted, and meet all specified performance criteria. .
- The project sponsor must confirm that he/she has employed effective cost management techniques in the design process, including but not limited to Integrated Project Delivery methods, and significant involvement by contractors or other cost estimation professionals early on, and throughout the design process. In rehabilitation (as in new construction), DHCD strongly prefers project designs that incorporate site planning, exterior envelope, detailing, and mechanical system technologies to achieve energy efficiency. DHCD strongly encourages demolition and rehabilitation processes that result in waste reduction and conservation of resources. DHCD also encourages the use of building materials that are local in origin and durable and that incorporate recycled content. DHCD also strongly encourages sponsors to avoid the use of toxic materials.

#### **IV. Lead-Based Paint**

Sponsors of rehabilitation projects seeking HTF from DHCD must conform to all applicable provisions of 24 CFR Part 35 regarding lead-based paint. Sponsors also must conform to all Massachusetts laws and regulations, as well as EPA requirements regarding lead-based paint, including protection of workers who may be exposed to lead paint during the construction process. .

## **V. Accessibility**

Sponsors of all rehabilitation projects seeking HTF must conform to all accessibility requirements of 24 CFR Part 8 (<http://www.ecfr.gov/cgi-bin/text-idx?rgn=div5&node=24:1.1.1.1.8>) implementing Section 504 of the Rehabilitation Act of 1973) and Titles II and III of the Americans with Disabilities Act implemented at 28 CFR Parts 35 and 36)

For “covered multifamily dwellings”, as defined at 24 CFR 100.205 ([http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title24/24cfr100\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title24/24cfr100_main_02.tpl)), DHCD will require sponsors to meet the design and construction requirements at 24 CFR 100.205.

In addition, sponsors must conform to any and all applicable Massachusetts laws and regulations regarding accessibility, including, in renovation projects, obtaining all necessary variances from the Massachusetts Architectural Access Board. Sponsors must complete the DHCD accessibility checklist appended to this memorandum.

## **VI. Disaster Mitigation**

Sponsors must ensure that projects conform or exceed all federal and state requirements and best practices to mitigate the potential impact of disasters or disruptions, such as extended power outages, earthquakes, hurricanes, floods, and wildfires in accordance with state or local codes, ordinances, and requirements. Sponsors shall submit a “resiliency narrative” that describes all such measure incorporated into the project.

## **VII. State and Local Codes**

All sponsors seeking HTF from DHCD must meet all applicable Massachusetts state and local codes, ordinances, and requirements including but not limited to the following:

- Local Zoning Ordinances
- Massachusetts State Building Code
- National Electrical Code
- Massachusetts Fuel Gas and Plumbing Code
- Massachusetts Fire Regulations
- Massachusetts Elevator Regulations
- Massachusetts Sanitary Code
- Massachusetts Department of Public Health Requirements
- Massachusetts Historic Commission Regulations
- U.S. Department of Energy Regulations
- Massachusetts Department of Environmental Protection Regulations
- HUD Rehabilitation Guidelines
- HUD Section 8 Housing Quality Standards
- Americans with Disabilities Act
- Massachusetts Architectural Access Board Regulations
- Local, State and Federal Requirements Related to Sewage/Septic Systems
- Requirements for Housing Trust Fund Environmental Provisions

## **VIII. Uniform Physical Condition Standards (UPCS)**

DHCD will require all sponsors to ensure that HTF-assisted housing will be decent, safe, sanitary, and in good repair as described in 24 CFR 5.703 (<http://www.ecfr.gov/cgi-bin/text-idx?rgn=div5&node=24:1.1.1.1.5>). As it monitors HTF-assisted projects, DHCD will include the UPCS inspectable items and observable deficiencies for the site, building exterior, building systems (multifamily housing only), common areas (multifamily housing only), and units identified on the following. Sponsors should review the HTF FAQ appendices: Uniform Physical Condition Standards for Multifamily and Single Family Housing Rehabilitation (/onecpd/assets/File/HTF-FAQ-Appendices-UPCS-for-Multifamily-and-Single-Family-Housing-Rehabilitation.pdf) as well as Attachment E to the HTF Allocation Plan, Uniform Physical Condition Standards for Multifamily Housing Rehabilitation - August 2016.

## **IX. Additional DHCD Standards for Multifamily Rehabilitation Projects**

As indicated, the Department has maintained design and scope standards for multifamily rental rehabilitation projects for many years. DHCD encourages sponsors of multifamily rental projects to follow its standards as closely as possible and to discuss their projects -- prior to submission -- with Department staff.

### **Overall Unit Size:**

- SRO: 120 square feet (sf)
- Enhanced SRO: 175 sf (includes food preparation area and bathroom)
- One-bedroom unit: 600 sf (or applicable HUD program standards; for example for Section 202)
- Two-bedroom unit: 850 sf
- Three-bedroom unit: 950 sf
- Four- or more bedroom unit: 1,100 sf

### **Minimum Room Size:**

Rooms in rehabilitation projects shall meet the following minimums (including a dimensional minimum):

- Primary bedrooms: 120 sf (10.5 ft.)
- Secondary bedrooms: 100 sf (9.5 ft.)
- Living room: 150 sf (12 ft.)
- Dining room: 100 sf (10 ft.)
- Living/dining room combo: 200 sf (12 ft.)
- Full bathroom: 40 sf (5 ft.)

If a room has a sloped ceiling, any portion of the room measuring less than 5 feet from the finished floor to the finished ceiling shall not be included in the measurements of the floor area.

Closets and storage cannot be included in the measurement of the floor area.

**Kitchen:**

The size of the unit should determine the amount of counter space to be provided:

	<i>counter space length</i>	<i>minimum circulation width</i>
• One-bedroom unit	6 linear feet	4 feet
• Two-bedroom unit	8 linear feet	4 feet
• Three or more bedroom unit	10 linear feet	4 feet

The minimum total linear feet of counter cannot include the space occupied by the sink, stove, and refrigerator.

**Bathrooms:**

The number of bedrooms within the unit determines the number of bathrooms:

• One-bedroom unit	One bathroom
• Two-bedroom unit	One bathroom
• Three bedroom unit	One-and-a-half bathrooms (minimum)
• Four or more bedroom units	Two bathrooms

**Reusable and Sustainable Material Use:**

Sponsors are asked to:

- Use fewer building materials thorough advanced framing techniques or other systems approach to building construction.
- Use recycled content such as:
  - High fly ash content concrete in foundations, wall systems and finish floors.
  - Cementitious siding or stucco with high fly ash content.
- Composite framing such as engineered joists instead of dimensional lumber:
  - Light-gauge steel in whole house or interior walls. (Verify that thermal bridging is avoided if steel is used in exterior walls.)
  - Rapidly renewable resource materials for flooring and finishes, such as wheat straw board.
  - Insulation made of renewable, easily recyclable material or recycled content such as recycled newspaper (cellulose), soy-based foam, cotton fiber, or other when appropriate.
- Use locally available building materials, such as:
  - Locally produced masonry
  - Recycled lumber or locally milled timber or Forest Stewardship Council (FSC) certified lumber or other recycled materials.

- Recycled aggregate from demolition of existing site work or structure or nearby source.

### **Energy Efficiency:**

Sponsors are asked to:

- Use properly sized and designed sealed combustion boilers or furnaces and distribution systems or other low-energy use heating.
- Use tankless water heaters, indirect water heaters, sealed combustion water heaters, or solar hot water heaters.
- Specify LED fixtures.
- Specify insulation as required by Energy Star standards and above code where feasible and contributing to significant energy savings.
- If possible, avoid or minimize air-conditioning with natural ventilation or other passive cooling strategy. Ensure that adequate cooling is included in all elderly developments.
- Consider renewable energy sources such as solar thermal collectors, photovoltaics (or pre-wire and provide adequate roof structure so that systems can be added when feasible), or wind turbines, using research grants and rebates when possible.

### **Indoor Environmental Quality – Healthy Buildings:**

Sponsors are asked to:

- Detail building envelope to shed water with adequate flashing and a continuous drainage plane (rain-screen). Design walls to be able to dry to the interior, exterior, or both as appropriate.
- Provide operable windows with screens to take advantage of natural cross-ventilation when possible.
- Provide continuously running, dual-speed exhaust fans in all bathrooms.
- Provide kitchen range hoods that are ducted to the outdoors, preferably exhausted at roof level.
- Use air sealing techniques during construction to compartmentalize units to minimize unwanted air transmission.
- Provide mechanical ventilation to remove excess moisture and indoor pollutants from living spaces and to provide an adequate amount of outside air, preferably individually supplied to each dwelling unit.
- Specify sealed combustion boilers, furnaces, and water heaters.
- Use only low volatile organic compound (VOC) paints, sealants, and finishes.
- Use paperless gypsum board or cement board substrates at all damp areas.
- Install flooring with low or no off-gassing such as concrete, ceramic tile, FSC certified wood flooring, linseed-oil based resilient flooring, or bamboo with

low urea formaldehyde content. If wood flooring is finished on site, use low VOC water-based polyurethane finish.

- Minimize the use of carpeting, which can hold dirt, mold, and other allergens. If carpeting is necessary, specify carpet with low VOCs recyclable fiber and backing content. If available, install carpeting that can be recycled.
- Install carbon monoxide detectors in living areas as well as garages.
- Perform fresh air flushing before occupancy.
- Educate tenants or owners by providing user manuals on use of systems, their required maintenance such as changing of filters and batteries. Use filters that remove allergens in forced-air units.
- Protect onsite building materials from rain during construction to prevent mold growth.
- Design wall and ceiling assemblies to mitigate impact sound and air-borne sound transmission between units, preferably at a level that exceeds building code requirements. .

### **Additional Design Considerations for Multifamily Rehabilitation Projects:**

Sponsors should note:

- Rehabilitation projects funded with federal funds must be demonstrably improved in order to mitigate the impact of potential natural disasters or service disruptions (e.g., significant power outages, earthquakes, hurricanes, floods) in accordance with applicable state and local ordinances.
- Kitchens must be designed with a pantry or broom closet.
- All applicable appliances must be Energy Star\* rated.
- Range hood vented to outdoors.
- Garbage disposal, ¾ HP minimum.
- 30" range with self-cleaning oven.
- Dishwasher, if the unit includes a full kitchen and is larger than one-bedroom.
- Refrigerator sized for maximum energy savings.
- Storage space within units or in central storage spaces should be provided wherever possible.
- The design should optimize the use of space. Unit size and layout should maximize efficiency and minimize circulation (hallways), provide spacious furnishable main living areas and provide adequate storage.
- For all buildings under rehabilitation, designs shall include durable, low maintenance, energy efficient systems and materials. Electric heat is not acceptable.
- Cementitious siding materials, such as Hardi-plank or Cem-plank is the preferred exterior siding, as opposed to vinyl cladding for residential buildings.

- Specifications should include fiberglass/asphalt roofing shingles with a minimum of a 25-year warranty or light-colored TPO membrane for flat roofs. All pitched roofs must have a ridge and soffit venting system when appropriate.
- Window guards, window sash limiters, and heavyweight screening must be installed in windows of housing units where a child age 6 or under may live or regularly visit.
- Painted finishes should have a one-coat primer and two finish coats.
- Bathroom floors must be tiled with a floor grade, non-slip glazed or unglazed ceramic tile or sheet vinyl. VCT is not approved for bathrooms. If carpeting is installed, 26 oz. minimum fabric face weight per square yard is the standard. Specify carpet with low VOCs and recyclable fiber and backing content. If available, install carpeting that can be recycled.
- Stacked plumbing with suitable shut-offs to facilitate maintenance is strongly recommended in order to reduce material and construction costs, centralize water supply and drain lines.
- All outdoor mechanical equipment should be located and installed so that it cannot be seen from the surrounding street. Special attention must be given to adhere to all standards promulgated to prevent excessive noise or other kinds of annoyance from any mechanical equipment.
- As previously indicated, if the useful life of one or more major systems (including structural support, roofing, cladding, weatherproofing, plumbing, electrical and HVAC) is less than the applicable period of affordability, the sponsor must ensure that a replacement reserve is established to replace systems as needed.

Any proposed deviations from design recommendations should include a narrative describing why an alternative approach/material is preferred.

#### **X. Required Architectural Submission (Multifamily Rental Rehabilitation Projects)**

This section outlines the type of drawings and other documentation that sponsors must submit for rehabilitation projects that fall within these guidelines. DHCD requires that an architect and/or construction cost estimator prepare the plans and construction budgets for each project.

**Site Plan:** Indicate the location of the building, property lines, access to the building from the street, landscape, curb cuts, driveways, orientation (north arrow), at an appropriate scale.

**Existing Floor Plan:** Include plans for each floor, including basement and roof. Drawings should be drawn at an appropriate scale. The existing floor plans should include the following information:

- Structural elements such as existing bearing walls, columns (indicate this with a note or graphically, e.g.: shade in the structural walls).

- Direction of floor joists if structural changes are being made.
- Existing plumbing, ventilation chase, fireplaces and any other information that affects design.

**Proposed Floor Plans:** Drawings should address changes of layout, removal of walls or structural elements, or any other changes. The proposed floor plans should include the following information:

- Unit Floor Area (i.e., the total area within the unit exterior walls).
- Room Areas (i.e., the area within the perimeter wall of the room excluding storage and closet space).
- Critical overall and interior dimensions.
- Vertical structural elements.
- Wall thickness to scale.
- Location and size of windows, indicating the window-sill height (measured from the finished floor).
- Ceiling heights.
- Location of mechanical equipment, meters, and electric service panels.
- Location of water, gas, sewer, and electric services.
- In the case of attic renovation, drawings should be provided indicating ceiling heights, knee wall heights, dormers location, etc.
- All units should be built with internet connectivity, COAX cable for TV and CAT5e or better for tel/data.

**Elevations:** Drawings should include all elevations impacted by the scope of work. .

## **XI. Landscaping Guidelines**

This section outlines suggestions for site improvements and landscaping for projects that all under these guidelines.

### **Site Design:**

- Where possible and feasible, provide usable areas such as the following where the community can meet and gather:
  - Safe play areas for children in multifamily developments.
  - Community garden areas, including planters for vegetables, herbs, flowers. .
  - Semi-public open spaces.
  - Patios, front yards, porches, or balconies to encourage community interaction and provide eyes-on-the-street surveillance.
- Provide for alternative transportation, e.g., bike paths and storage, pedestrian links, car shares.
- Provide all required accessible routes of travel, and in general, avoid use of stairs, wherever the terrain permits.

Prioritize pedestrian over vehicular traffic and use traffic calming devices. Incorporate attractive well-lit pedestrian paths wherever possible

**Site Demolition and Clearing:**

- Remediate all hazardous materials such as asbestos (ACMs), lead (LCMs), PCB's, VOC's, Arsenic, etc. carried out in accordance with all applicable local, state and federal regulations.
- Provide a summary and accurate estimate of the site remediation plan, if applicable, along with grading plans.

**Tree/Shrub Pruning and Removal:**

- Remove trees that originate at foundation wall of building or present a hazard to the structure.
- Remove dead trees.
- Trim stump to below grade.
- Prune back branches that overhang roof or brush walls of building.
- Prune branches that may threaten utility connections.
- Clean up and properly dispose of brush and wood.
- Remove shrubs that are diseased, those that obstruct walkways, drives and pathways, and those that obstruct windows.

**Grading:** Restore grade to include, when appropriate, a 6" minimum deep planting bed of clean loam/topsoil. New grade should slope away from buildings and fit the existing neighboring grades, particularly at street or sidewalk. Grades for usable lawn areas should not exceed twenty percent. The grade across paved areas should not exceed four percent, or any applicable maximum slope required by accessibility or applicable site engineering standards.

**Paving, Fencing and Walls:**

- Restore walks and driveways to good condition.
- Fences should generally never exceed a height of 6 feet. Material and style should be appropriate to surrounding neighborhood.

**Lawns:**

- Sod or seed new lawns. If seeded, pegged cloth or salt hay should be used to prevent erosion on slopes in excess of six percent. If lawn area is shady, seed or sod should include appropriate mix of fescues or other low-maintenance grasses, which will tolerate shade.
- Require general contractor to maintain all lawns throughout applicable warranty periods.

**Plantings:** Select hardy, maintainable, regional stock. All plantings should be placed in a manner that enhances the appearance of the property and is in keeping with the surrounding neighborhood.

**All sponsors and/or other development team members should contact DHCD staff in advance of submitting applications for HTF assistance. DHCD staff members are available to answer questions on rehabilitation standards as well as other aspects of HTF.**

# **ATTACHMENT C**

## **Recommended Cost Limits for Massachusetts Multifamily Rental Projects With DHCD Assistance**

ATTACHMENT C

**Recommended Cost Limits for Massachusetts  
Multifamily Rental Projects with DHCD Assistance**

The Massachusetts Department of Housing and Community Development has implemented recommended cost limits per unit for multifamily rental projects, based on extensive data analysis, project location, and bedroom configuration. These limits typically are updated annually and will apply to HTF projects.

<b>Production Project</b>	<b>(Residential TDC/Unit)</b>
<b><i>Outside Metro Boston*</i></b>	
Single Room Occupancy/Group Homes/Assisted	
Living/Small Unit** Supportive Housing	\$199,000
Suburban/Rural Area with Small Units	\$279,000
Suburban/Rural Area* with Large** Units	\$319,000
Urban* Area with Small Units	\$359,000
Urban Area with Large Units	\$379,000
<b><i>Within Metro Boston*</i></b>	
Single Room Occupancy/Group Homes/Assisted	
Living/Small Unit Supportive Housing	\$259,000
Suburban Area with Small Units	\$329,000
Suburban Area with Large Units	\$349,000
Urban Area with Small Units	\$379,000
Urban Area with Large Units	\$399,000
<b>Preservation Project</b>	<b>(Residential TDC/Unit)</b>
<b><i>Outside Metro Boston*</i></b>	
Single Room Occupancy/Group Homes/Assisted	
Living/Small Unit Supportive Housing	\$139,000
Suburban/Rural Area, All Unit Sizes	\$199,000
Urban Area with Small Units	\$209,000
Urban Area with Large Units	\$219,000

***Within Metro Boston\****

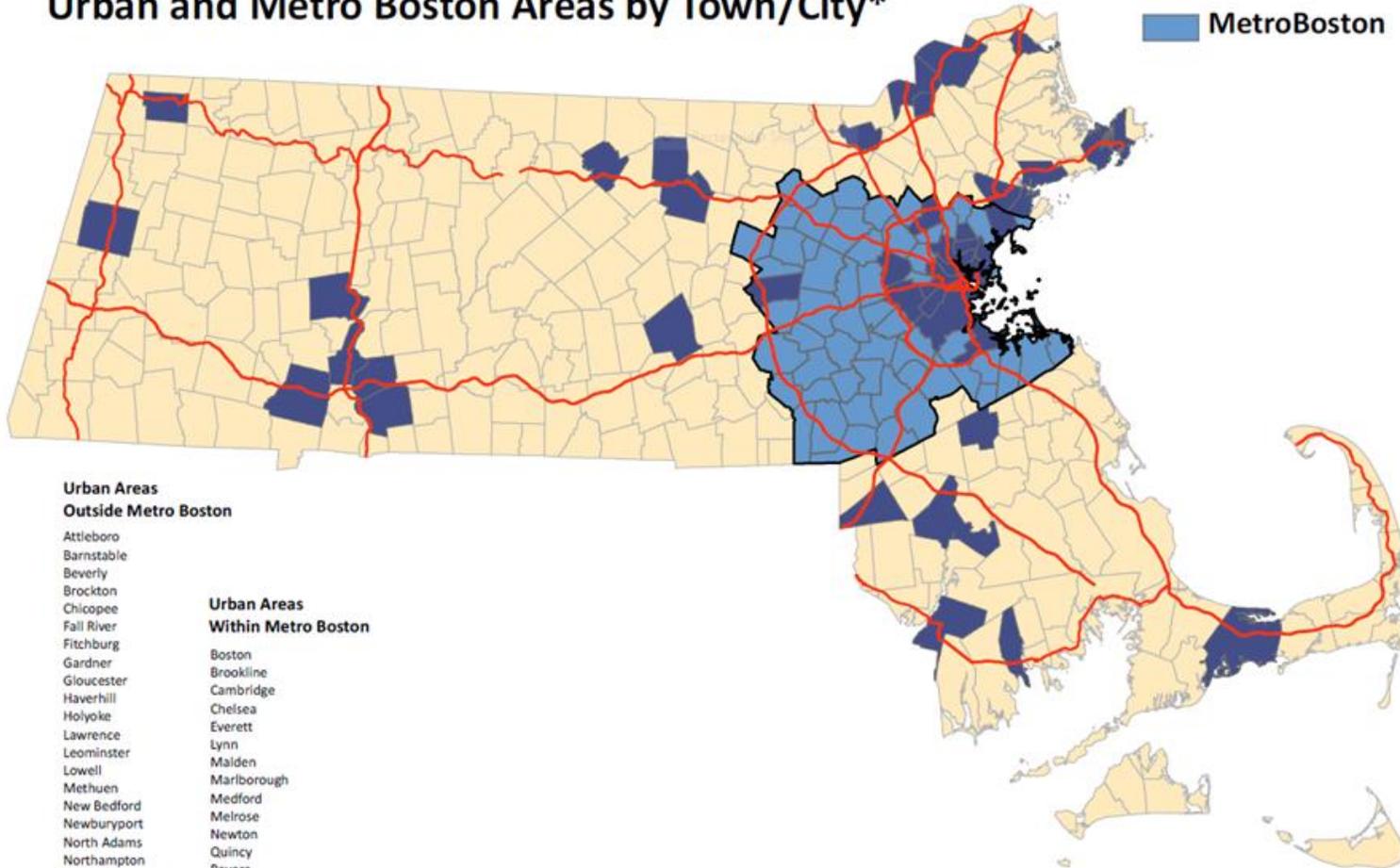
Single Room Occupancy/Group Homes/Assisted	
Living/Small Unit Supportive Housing	\$189,000
Suburban/Rural Area, All Unit Sizes	\$229,000
Urban Area with Small Units	\$299,000
Urban Area with Large Units	\$299,000

\*See the map below to determine the proper geographic category for each project based on its location.

\*\*Large Unit projects must have an average of at least two bedrooms per unit or consist of at least 65% two or more bedroom units and 10% three or more bedroom units. All other projects are considered Small Unit projects.

# Urban and Metro Boston Areas by Town/City\*

- Urban Areas
- MetroBoston



## Urban Areas Outside Metro Boston

- Attleboro
- Barnstable
- Beverly
- Brockton
- Chicopee
- Fall River
- Fitchburg
- Gardner
- Gloucester
- Haverhill
- Holyoke
- Lawrence
- Leominster
- Lowell
- Methuen
- New Bedford
- Newburyport
- North Adams
- Northampton
- Peabody
- Pittsfield
- Salem
- Springfield
- Taunton
- Westfield
- Worcester

## Urban Areas Within Metro Boston

- Boston
- Brookline
- Cambridge
- Chelsea
- Everett
- Lynn
- Malden
- Marlborough
- Medford
- Melrose
- Newton
- Quincy
- Revere
- Somerville
- Waltham
- Woburn

\* Metro Boston is the MassBenchmarks Region as defined by the Donahue Institute (UMass Boston).

# **ATTACHMENT D**

## **MA DHCD HTF**

### **Uniform Physical Condition Standards for Multifamily Housing Rehabilitation August 2016**



Fire Escapes	Missing Door Blocked Egress/Ladders Visibly Missing Components	Any exterior door that is missing Stored items or other barriers restrict or block people from exiting Any of the functional components that affect the function of the fire escape—one section of a ladder or railing, for example—are missing
Foundations	Cracks/Gaps Spalling/Exposed Rebar	Large cracks in foundation more than 3/8 inches wide by 3/8 inches deep by 6 inches long that present a possible sign of a serious structural problem, or opportunity for water penetration or sections of wall or floor that are broken apart Significant spalled areas affecting more than 10% of any foundation wall or any exposed reinforcing material—rebar or other
Health and Safety	Electrical Hazards - Exposed Wires/Open Panels Electrical Hazards - Water Leaks on/near Electrical Equipment	Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk) Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or other conditions block exit
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable Emergency Fire Exits - Missing Exit Signs Flammable/Combustible Materials - Improperly Stored	Exit signs that clearly identify all emergency exits are missing or there is no illumination in the area of the sign Flammable materials are improperly stored, causing the potential risk of fire or explosion Too much garbage has gathered—more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris
	Garbage and Debris - Outdoors Hazards - Sharp Edges Hazards - Tripping	Any general defects or hazards that pose risk of bodily injury Any physical defect that could cause cutting or breaking of human skin or other bodily harm Any physical defect in walkways or other travelled area that poses a tripping risk
	Infestation - Insects Infestation - Rats/Mice/Vermis Broken Fixtures/Bulbs Damaged Soffits/Fascia Damaged Vents	Evidence of infestation of insects—including roaches and ants—throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk Evidence of rats or mice—sightings, rat or mouse holes, or droppings substantial enough to present a health and safety risk 10% or more of the lighting fixtures and bulbs surveyed are broken or missing Soffits or fascia that should be there are missing or so damaged that water penetration is visibly possible Vents are missing or so visibly damaged that further roof damage is possible The drain is damaged or partially clogged with debris or the drain no longer functions
Lighting	Damaged/Torn Membrane/Missing Ballast Missing/Damaged Components from Downspout/Gutter	Ballast has shifted and no longer functions as it should or there is damage to the roof membrane that may result in water penetration Drainage system components are missing or damaged causing visible damage to the roof, structure, exterior wall surface, or interior
Roofs	Missing/Damaged Shingles Ponding	Roofing shingles are missing or damaged enough to create a risk of water penetration Evidence of standing water on roof, causing potential or visible damage to roof surface or underlying materials
Walls	Cracks/Gaps Damaged Chimneys Missing/Damaged Caulking/Mortar Missing Pieces/Holes/Spalling Stained/Peeling/Needs Paint	Any large crack or gap that is more than 3/8 inches wide or deep and 6 inches long that presents a possible sign of serious structural problem or opportunity for water penetration Part or all of the chimney has visibly separated from the adjacent wall or there are cracked or missing pieces large enough to present a sign of chimney failure or there is a risk of falling pieces that could create a safety hazard Any exterior wall caulking or mortar deterioration that presents a risk of water penetration or risk of structural damage Any exterior wall deterioration or holes of any size that present a risk of water penetration or risk of structural damage More than 20% of the exterior paint is peeling or paint is missing and siding surface is exposed thereby exposing siding to water penetration and deterioration
Windows	Broken/Missing/Cracked Panes Damaged Sills/Frames/Lintels/Trim Damaged/Missing Screens Missing/Deteriorated Caulking/Seals/Glazing Compound Peeling/Needs Paint Security Bars Prevent Egress	Any missing panes of glass or cracked panes of glass where the crack is either greater than 4" and/or substantial enough to impact the structural integrity of the window pane Sills, frames, lintels, or trim are missing or damaged, exposing the inside of the surrounding walls and compromising its weather tightness Missing screens or screens with holes greater than 1 inch by 1 inch or tears greater than 2 inches in length There are missing or deteriorated caulk or seals—with evidence of leaks or damage to the window or surrounding structure More than 20% of the exterior window paint is peeling or paint is missing and window frame surface is exposed thereby exposing window frame to water penetration and deterioration The ability to exit through egress window is limited by security bars that do not function properly and, therefore, pose safety risks
Requirements for Building Systems		
Inspectable Item		
Domestic Water	Leaking Central Water Supply Missing Pressure Relief Valve Rust/Corrosion on Heater Chimney Water Supply Inoperable Blocked Access/Improper Storage Burnt Breakers	Leaking water from water supply line is observed There is no pressure relief valve or pressure relief valve does not drain down to the floor The water heater chimney shows evidence of flaking, discoloration, pitting, or crevices that may create holes that could allow toxic gases to leak from the chimney There is no running water in any area of the building where there should be One or more fixed items or items of sufficient size and weight impede access to the building system's electrical panel during an emergency Carbon residue, melted breakers or arcing scars are evident
Electrical System		



Electrical - Blocked Access to Electrical Panel	One or more fixed items or items of sufficient size and weight impede access to the building system's electrical panel during an emergency
Electrical - Burnt Breakers	Carbon residue, melted breakers or arcing scars are evident
Electrical - Evidence of Leaks/Corrosion	Any corrosion that affects the condition of the components that carry current or any stains or rust on the interior of electrical enclosures or any evidence of water leaks in the enclosure or hardware
Electrical - Frayed Wiring	Any nicks, abrasion, or fraying of the insulation that exposes any conducting wire
Electrical - Missing Breakers	Any open and/or exposed breaker part
Electrical - Missing Covers	A cover is missing, which results in exposed visible electrical connections
Floors - Bulging/Buckling	Any flooring that is bulging, buckling or sagging or a problem with alignment between flooring types
Floors - Floor Covering Damaged	More than 10% of floor covering has stains, surface burns, shallow cuts, small holes, tears, loose areas or exposed seams.
Floors - Missing Floor Tiles	More than 5% of the flooring or tile flooring is missing
Floors - Peeling/Needs Paint	Any painted flooring that has peeling or missing paint on more than 10% of the surface
Floors - Rot/Deteriorated Subfloor	Any rotted or deteriorated subflooring greater than 6 inches by 6 inches
Floors - Water Stains/Water Damage/Mold/Mildew	Evidence of a leak, mold or mildew—such as a darkened area—covering a flooring area greater than 1 foot square
GFI - Inoperable	The GFI does not function
Grffiti	Any graffiti on any exposed surface greater than 6 inches by 6 inches
HVAC - Convection/Radiant Heat System Covers Missing/Damaged	Cover is missing or substantially damaged, allowing contact with heating/surface elements or associated fans
HVAC - General Rust/Corrosion	Significant formations of metal oxides, flaking, or discoloration—or a pit or crevice
HVAC - Inoperable	HVAC does not function. It does not provide the heating and cooling it should. The system does not respond when the controls are engaged
HVAC - Misaligned Chimney/Ventilation System	Any misalignment that may cause improper or dangerous venting of gases
HVAC - Noisy/Vibrating/Leaking	HVAC system shows signs of abnormal vibrations, other noise, or leaks when engaged
Lavatory Sink - Damaged/Missing	Sink has extensive discoloration or cracks in over 50% of the basin or the sink or associated hardware have failed or are missing and the sink can't be used
Lighting - Missing/Damaged/Inoperable Fixture	More than 10% of the permanent lighting fixtures are missing or damaged so they do not function
Mailbox - Missing/Damaged	The US Postal Service mailbox cannot be locked or is missing
Outlets/Switches/Cover Plates - Missing/Broken	Outlet or switch is missing or a cover plate is missing or broken, resulting in exposed wiring
Pedestrian/Wheelchair Ramp	A walkway or ramp is damaged and cannot be used by people on foot, in wheelchair, or using walkers
Plumbing - Clogged Drains	Drain is substantially or completely clogged or has suffered extensive deterioration
Plumbing - Leaking Faucet/Pipes	A steady leak that is adversely affecting the surrounding area
Range Hood /Exhaust Fans - Excessive Grease/Inoperable	A substantial accumulation of dirt or grease that threatens the free passage of air
Range/Stove - Missing/Damaged/Inoperable	One or more burners are not functioning or doors or drawers are impeded or on gas ranges pilot is out and/or flames are not distributed equally or oven not functioning
Refrigerator - Damaged/Inoperable	The refrigerator has an extensive accumulation of ice or the seals around the doors are deteriorated or is damaged in any way which substantially impacts its performance
Restroom Cabinet - Damaged/Missing	Damaged or missing shelves, vanity top, drawers, or doors that are not functioning as they should for storage or their intended purpose
Shower/Tub - Damaged/Missing	Any cracks in tub or shower through which water can pass or extensive discoloration over more than 20% of tub or shower surface or tub or shower is missing
Sink - Missing/Damaged	Any cracks in sink through which water can pass or extensive discoloration over more than 10% of the sink surface or sink is missing
Smoke Detector - Missing/Inoperable	Smoke detector is missing or does not function as it should
Stairs - Broken/Damaged/Missing Steps	A step is missing or broken
Stairs - Broken/Missing Hand Railing	The hand rail is missing, damaged, loose or otherwise unusable
Ventilation/Exhaust System - Inoperable	exhaust fan is not functioning or window designed for ventilation does not open
Walls - Bulging/Buckling	Bulging, buckling or sagging walls or a lack of horizontal alignment
Walls - Damaged	Any hole in wall greater than 2 inches by 2 inches
Walls - Damaged/Deteriorated Trim	10% or more of the wall trim is damaged
Walls - Peeling/Needs Paint	10% or more of interior wall paint is peeling or missing
Walls - Water Stains/Water Damage/Mold/Mildew	Evidence of a leak, mold or mildew—such as a common area—covering a wall area greater than 1 foot square
Water Closet/Toilet - Damaged/Clogged/Missing	Fixture elements—seat, flush handle, cover etc.—are missing or damaged or the toilet seat is cracked or has a broken hinge or toilet cannot be flushed
Windows - Cracked/Broken/Missing Panes	Any missing panes of glass or cracked panes of glass where the crack is either greater than 4" and/or substantial enough to impact the structural integrity of the window pane
Windows - Damaged Window Sill	The sill is damaged enough to expose the inside of the surrounding walls and compromise its weather tightness
Windows - Inoperable/Not Lockable	Any window that is not functioning or cannot be secured because lock is broken
Windows - Missing/Deteriorated Caulking/Seals/Glazing Compound	There are missing or deteriorated caulk or seals—with evidence of leaks or damage to the window or surrounding structure
Windows - Peeling/Needs Paint	More than 10% of interior window paint is peeling or missing
Windows - Security Bars Prevent Egress	The ability to exit through the window is limited by security bars that do not function properly and, therefore, pose safety risks
Air Quality - Mold and/or Mildew Observed	Evidence of mold or mildew is observed that is substantial enough to pose a health risk
Health & Safety	

	Air Quality - Propane/Natural Gas/Methane Gas Detected	Strong propane, natural gas or methane odors that could pose a risk of explosion, fire and/or pose a health risk if inhaled
	Air Quality - Sewer Odor Detected	Sewer odors that could pose a health risk if inhaled for prolonged periods
	Electrical Hazards - Exposed Wires/Open Panels	Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)
	Electrical Hazards - Water Leaks on/near Electrical Equipment	Any water, leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or other conditions block exit
	Emergency Fire Exits - Missing Exit Signs	Exit signs that clearly identify all emergency exits are missing or there is no illumination in the area of the sign
	Flammable/Combustible Materials - Improperly Stored	Flammable or combustible materials are improperly stored, causing the potential risk of fire or explosion
	Garbage and Debris - Indoors	Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris
	Garbage and Debris - Outdoors	Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris
	Hazards - Other	Any general defects or hazards that pose risk of bodily injury
	Hazards - Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm
	Hazards - Tripping	Any physical defect in walkways or other travelled area that poses a tripping risk
	Infestation - Insects	Evidence of infestation of insects-including roaches and ants-throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk
	Infestation - Rats/Mice/Vermin	Evidence of rats or mice-sightings, rat or mouse holes, or droppings substantial enough to present a health and safety risk
	Fencing - Damaged/Not Intact	Any damage that could compromise the integrity of the fence
	Chutes - Damaged/Missing Components	Garbage has backed up into chutes, because the collection structure is missing or broken or compactors or components-chute, chute door, and other components-have failed
	<b>Requirements for Unit</b>	
	<b>Inspectable Item</b>	
	Bathroom	Damaged or missing shelves, vanity tops, drawers, or doors that are not functioning as they should for storage or their intended purpose
	Laundry Sink - Damaged/Missing	Any cracks in sink through which water can pass or extensive discoloration over more than 10% of the sink surface or sink is missing
	Plumbing - Clogged Drains, Faucets	Drain or faucet is substantially or completely clogged or has suffered extensive deterioration
	Plumbing - Leaking Faucet/Pipes	A steady leak that is adversely affecting the surrounding area
	Shower/Tub - Damaged/Missing	Any cracks in tub or shower through which water can pass or extensive discoloration over more than 20% of tub or shower surface or tub or shower is missing
	Ventilation/Exhaust System - Absent/Inoperable	Exhaust fan is not functioning or window designed for ventilation does not open
	Water Closet/Toilet - Damaged/Clogged/Missing	Fixture elements-seat, flush handle, cover etc.-are missing or damaged or the toilet seat is cracked or has a broken hinge or toilet cannot be flushed
	Inoperable	The system does not function as it should
	Bulging/Buckling/Leaking	Bulging, buckling or sagging ceiling or problem with alignment
	Holes/Missing Tiles/Panels/Cracks	Any holes in ceiling, missing tiles or large cracks wider than 1/4 of an inch and greater than 6 inches long
	Peeling/Needs Paint	More than 10% of ceiling has peeling paint or is missing paint
	Water Stains/Water Damage/Mold/Mildew	Evidence of a leak, mold or mildew-such as a darkened area-over a ceiling area greater than 1 foot square
	Damaged Frames/Threshold/Limels/Trim	Any door that is not functioning or cannot be locked because of damage to the frame, threshold, limel or trim
	Damaged Hardware/Locks	Any door that does not function as it should or cannot be locked because of damage to the door's hardware
		Any screen door or storm door that is damaged or is missing screens or glass-shown by an empty frame or frames or any security door that is not functioning or is missing
	Damaged/Missing Screen/Storm/Security Door	Any door that has a hole or holes greater than 1 inch in diameter, significant peeling/cracking/no paint or rust that affects the integrity of the door surface, or broken/missing glass
	Damaged Surface - Holes/Paint/Rusting/Glass/Rotting	The seals/caulking is missing on any entry door, or they are so damaged that they do not function as they should
	Deteriorated/Missing Seals (Entry Only)	Any door that is required for security (entry) or privacy (Bathroom) that is missing or any other unit door that is missing and is required for proper unit functionality
	Missing Door	One or more fixed items or items of sufficient size and weight impede access to the building system's electrical panel during an emergency
	Blocked Access to Electrical Panel	Carbon residue, melted breakers or arcing scars are evident
	Burnt Breakers	Any corrosion that affects the condition of the components that carry current or any stains or rust on the interior of electrical enclosures or any evidenced water leaks in the enclosure or hardware
	Evidence of Leaks/Corrosion	Any nicks, abrasion, or fraying of the insulation that exposes any conducting wire
	Frayed Wiring	The GFI does not function
	GFI - Inoperable	Any open and/or exposed breaker part
	Missing Breakers/Fuses	A cover is missing, which results in exposed visible electrical connections
	Missing Covers	Any flooring that is bulging, buckling or sagging or a problem with alignment between flooring types
	Bulging/Buckling	
	Floors	

	Floor Covering Damage	More than 10% of floor covering has stains, surface burns, shallow cuts, small holes, tears, loose areas or exposed seams.
	Missing Flooring Tiles	Any flooring or tile flooring that is missing
	Peeling/Needs Paint	Any painted flooring that has peeling or missing paint on more than 10% of the surface
	Rot/Deteriorated Subfloor	Any rotted or deteriorated subflooring greater than 6 inches by 6 inches
	Water Stains/Water Damage/Mold/Mildew	Evidence of a leak, mold or mildew—such as a darkened area—covering a flooring area greater than 1 foot square
Health & Safety	Air Quality - Mold and/or Mildew Observed	Evidence of mold or mildew is observed that is substantial enough to pose a health risk
	Air Quality - Sewer Odor Detected	Sewer odors that could pose a health risk if inhaled for prolonged periods
	Air Quality - Propane/Natural Gas/Methane Gas Detected	Strong propane, natural gas or methane odors that could pose a risk of explosion/fire and/or pose a health risk if inhaled
	Electrical Hazards - Exposed Wires/Open Panels	Any exposed bare wires or openings in electrical panels (capped wires do not pose a risk)
	Electrical Hazards - Water Leaks on/near Electrical Equipment	Any water leaking, puddling or ponding on or immediately near any electrical apparatus that could pose a risk of fire, electrocution or explosion
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	The exit cannot be used or exit is limited because a door or window is nailed shut, a lock is broken, panic hardware is chained, debris, storage, or other conditions block exit
	Emergency Fire Exits - Missing Exit Signs	Exit signs that clearly identify all emergency exits are missing or there is no illumination in the area of the sign
	Flammable Materials - Improperly Stored	Flammable materials are improperly stored, causing the potential risk of fire or explosion
	Garbage and Debris - Indoors	Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris
	Garbage and Debris - Outdoors	Too much garbage has gathered-more than the planned storage capacity or garbage has gathered in an area not sanctioned for staging or storing garbage or debris
	Hazards - Other	Any general defects or hazards that pose risk of bodily injury
	Hazards - Sharp Edges	Any physical defect that could cause cutting or breaking of human skin or other bodily harm
	Hazards - Tripping	Any physical defect in walkways or other travelled area that poses a tripping risk
	Infestation - Insects	Evidence of infestation of insects-including roaches and ants-throughout a unit or room, food preparation or storage area or other area of building substantial enough to present a health and safety risk
	Infestation - Rats/Mice/Vermis	Evidence of rats or mice-sightings, rat or mouse holes, or droppings substantial enough to present a health and safety risk
Hot Water Heater	Misaligned Chimney/Ventilation System	Any misalignment that may cause improper or dangerous venting of gases
	Inoperable Unit/Components	Hot water from hot water taps is no warmer than room temperature indicating hot water heater is not functioning properly
	Leaking Valves/Tanks/Pipes	There is evidence of active water leaks from hot water heater or related components
	Pressure Relief Valve Missing	There is no pressure relief valve or pressure relief valve does not drain down to the floor
	Rust/Corrosion	Significant formations of metal oxides, flaking, or discoloration—or a pit or crevice
HVAC System	Convection/Radiant Heat System Covers Missing/Damaged	Cover is missing or substantially damaged, allowing contact with heating/surface elements or associated fans
	Inoperable	HVAC does not function. It does not provide the heating and cooling it should. The system does not respond when the controls are engaged
	Misaligned Chimney/Ventilation System	Any misalignment that may cause improper or dangerous venting of gases
	Noisy/Vibrating/Leaking	The HVAC system shows signs of abnormal vibrations, other noise, or leaks when engaged
	Rust/Corrosion	Deterioration from rust or corrosion on the HVAC system in the dwelling unit
Kitchen	Cabinets - Missing/Damaged	10% or more of cabinet, doors, or shelves are missing or the laminate is separating
	Countertops - Missing/Damaged	10% or more of the countertop working surface is missing, deteriorated, or damaged below the laminate -- not a sanitary surface to prepare food
	Dishwasher/Carbage Disposal - Inoperable	The dishwasher or garbage disposal does not operate as it should
	Plumbing - Clogged Drains	Drain is substantially or completely clogged or has suffered extensive deterioration
	Plumbing - Leaking Faucet/Pipes	A steady leak that is adversely affecting the surrounding area
	Range Hood/Exhaust Fans - Excessive Grease/Inoperable	A substantial accumulation of dirt or grease that threatens the free passage of air
	Range/Stove - Missing/Damaged/Inoperable	One or more burners are not functioning or doors or drawers are impeded or on gas ranges pilot is out and/or flames are not distributed equally or oven not functioning
	Refrigerator-Missing/Damaged/Inoperable	The refrigerator has an extensive accumulation of ice or the seals around the doors are deteriorated or is damaged in any way which substantially impacts its performance
Laundry Area (Room)	Sink - Damaged/Missing	Any cracks in sink through which water can pass or extensive discoloration over more than 10% of the sink surface or sink is missing
Lighting	Dryer Vent - Missing/Damaged/Inoperable	The dryer vent is missing or it is not functioning because it is blocked. Dryer exhaust is not effectively vented to the outside
Outlets/Switches	Missing/Inoperable Fixture	A permanent light fixture is missing or not functioning, and no other switched light source is functioning in the room
	Missing	An outlet or switch is missing
	Missing/Broken Cover Plates	An outlet or switch has a broken cover plate over a junction box or the cover plate is missing
Patio/Porch/Balcony	Baluster/Side Railings Damaged	Any damaged or missing balusters or side rails that limit the safe use of an area
Smoke Detector	Missing/Inoperable	Smoke detector is missing or does not function as it should
Stairs	Broken/Damaged/Missing Steps	A step is missing or broken
	Broken/Missing Hand Railing	The hand rail is missing, damaged, loose or otherwise unusable
Walls	Bulging/Buckling	Bulging, buckling or sagging walls or a lack of horizontal alignment
	Damaged	Any hole in wall greater than 2 inches by 2 inches

	Damaged/Deteriorated Trim	10% or more of the wall trim is damaged
	Peeling/Needs Paint	10% or more of interior wall paint is peeling or missing
	Water Stains/Water Damage/Mold/Mildew	Evidence of a leak, mold or mildew covering a wall area greater than 1 foot square
Windows	Cracked/Broken/Missing Panes	Any missing panes of glass or cracked panes of glass where the crack is either greater than 4" and/or substantial enough to impact the structural integrity of the window pane
	Damaged Window Sill	The sill is damaged enough to expose the inside of the surrounding walls and compromise its weather tightness
	Missing/Deteriorated Caulking/Seals/Glazing Compound	There are missing or deteriorated caulk or seals--with evidence of leaks or damage to the window or surrounding structure
	Inoperable/Not Lockable	Any window that is not functioning or cannot be secured because lock is broken
	Peeling/Needs Paint	More than 10% of interior window paint is peeling or missing
	Security Bars Prevent Egress	The ability to exit through the window is limited by security bars that do not function properly and, therefore, pose safety risks

# **ATTACHMENT E**

## **National Housing Trust Fund FAQs**

ATTACHMENT E

# **National Housing Trust Fund FAQs**

Last Updated: May 16, 2016

**Description:**

This document contains the National Housing Trust Fund FAQs posted on the HUD Exchange website (<https://www.hudexchange.info/htf>). The FAQs are organized by topic.

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# **Annual Action Plan**

# **Housing Trust Fund Allocation Plans**

## **When can States submit HTF allocation plans to HUD?**

Updated: June 19, 2015

As it has in prior years, HUD will publish a Community Planning and Development (CPD) Notice for FY 2016 to instruct CDBG, HOME, ESG, HOPWA and HTF grantees on the timing of the submission of consolidated and annual action plans. HTF grantees may not submit their HTF allocation plans to HUD for review and approval until the HTF formula allocations have been published. The earliest HUD expects to publish the HTF formula allocations is April, 2016.

It is possible that formula allocations for other CPD formula programs (CDBG, HOME, HOPWA and ESG) will be available before HTF formula allocations are published. A State or State-designated entity that submits its annual action plan for these formula grant programs before the HTF formula allocations are published must submit its HTF allocation plan as a substantial amendment to its annual action plan, after the HTF formula allocations have been published.

## **When can subgrantees submit HTF allocation plans to HUD?**

Updated: June 19, 2015

Before a subgrantee can submit its HTF allocation plan to HUD, two conditions must be satisfied. First, pursuant to 24 CFR 91.320(k)(5), the State must submit and HUD must approve an HTF allocation plan that addresses its intent to award HTF funds to subgrantees. Second, pursuant to 24 CFR 93.404(b), the State must execute a written agreement awarding funds to a subgrantee for HTF activities. The subgrantee's HTF allocation plan must address all required elements of the written agreement with the State. Depending on the timing of the agreement between the State and the subgrantee, the subgrantee's HTF allocation plan will generally be a substantial amendment to an already approved annual action plan.

## **How will States and subgrantees submit HTF allocation plans to HUD?**

Updated: June 19, 2015

In May 2012, HUD's Office of Community Planning and Development (CPD) introduced the eCon Planning Suite, including the Consolidated Plan template in IDIS On-Line and the CPD Maps website. HUD grantees are now required to submit their consolidated plan and annual action plan using the Consolidated Plan template in IDIS On-Line. Therefore, HTF grantees and subgrantees must use the eCon Planning Suite to submit their HTF allocation plans to HUD. However, for the first year of the program, the Suite may not include fields for the HTF allocation plan. If this is the case, grantees and subgrantees will be required to upload a Word or similar file containing their plans to the eCon Planning Suite. HUD will provide a sample format for HTF grantees and subgrantees to use when uploading the HTF allocation plan to the eCon Planning Suite. Grantees and subgrantees may still use the eCon Planning Suite data and tools to identify priority housing needs and make strategic investment decisions for their HTF programs.

## **Can a unit of general local government which is not a direct recipient of HUD formula grant funds be an HTF subgrantee?**

Updated: June 19, 2015

No. 24 CFR 93.2 defines a "subgrantee" as a unit of general local government that has an approved consolidated plan submitted in accordance with 24 CFR 91. The regulations at 24 CFR Part 91 require units of general local government which receive CDBG, HOME, ESG or HOPWA formula funds to develop and submit a consolidated plan and/or annual action plan, outlining the use of the formula funds. Therefore, by definition, an eligible HTF subgrantee must be a direct formula grantee that submits a consolidated plan and annual action plans.

## **Can States or State-Designated Entities (SDEs) begin their planning and citizen participation process prior to the publication of the HTF formula allocations? (UPDATED)**

Updated: August 14, 2015

HUD is aware that some States have Annual Action Plan submission dates in early 2016 and would like to include HTF Allocation Plans in citizen participation hearings that they will conduct for their Action Plans. Before deciding to include HTF in Annual Action Plan hearings that take place before HTF allocations are available, States should consider that there are no 2015 baseline figures upon which to estimate 2016 HTF allocations. This may make it difficult to achieve meaningful citizen participation and meet the Consolidated Plan citizen participation requirements established at 24 CFR 91.115. In addition, HUD intends to issue guidance on maximum subsidy limits and operating cost assistance later this year, which may prove useful to States as they develop their program design. Lastly, grantees are required to conduct citizen participation before submitting a substantial amendment to the Annual Action Plan, which may negate any time or cost savings that were achieved by including the HTF Allocation Plan in Annual Action Plan hearings.

HUD encourages States and SDEs to engage with their stakeholders (e.g. community organizations, general public, housing partners, etc.) through informal meetings or planning sessions that make information available, inform design of their HTF program, and otherwise contribute to a meaningful citizen participation process.

# **Administrative Requirements**

**When must a State notify HUD which agency will administer its Housing Trust Funds (HTF) and how does a State designate the State agency or State-Designated Entity to administer the HTF program?**

Updated: February 13, 2015

Per 24 CFR 93.100, each State is required to notify (the Secretary of) HUD of its intent to become a grantee for HTF funding within 30 days after HUD publishes the formula allocation amounts (these amounts are expected to be published by April 2016). The notification letter must also inform HUD of the contact information for the State department/agency or State-Designated Entity (SDE) that will administer its HTF funds. Only one State department/agency or SDE can be designated as the HTF grantee.

Please provide the following contact information:

- First Name
- Last Name
- Title
- Department
- Agency
- Phone
- Email
- Address

At the State level, selection of a State agency or designation of a SDE to administer its HTF funds will typically be made by the Governor or State Legislature in accordance with State law. The definition of a SDE for HTF can be found at 24 CFR 93.2. If a State designates a SDE to administer its HTF funds, a copy of the designation must be included in this transmittal.

States are encouraged to designate the State department/agency or SDE that will administer its HTF funds early in order to facilitate receipt of guidance and training from HUD timely. Therefore, States may submit the above referenced notification letter any time prior to the deadline.

The notification letter should be addressed/sent to:

The Honorable Julián Castro  
Secretary  
U.S. Department of Housing and Urban Development  
451 7th Street S.W., Washington, DC 20410  
Fax: (202) 619-8365

## **Will States be allowed to charge pre-award costs for HTF planning activities?**

Updated: June 19, 2015

Yes. HUD has determined that pre-award costs for planning activities and preparation of the HTF allocation plan will be allowed. Preparation includes the cost of public hearings, consultations and publication of public notices. For the first year, pre-award costs may not exceed one half of the State's administrative funds (which is, 10% of the formula allocation).

# **Broadband Infrastructure**

HUD continues its efforts to narrow the digital divide in low-income communities served by HUD by providing, where feasible and with HUD funding, broadband infrastructure to communities in need of such infrastructure.

Broadband is the common term used to refer to a very fast connection to the Internet. Such connections are also referred to as high-speed broadband or high-speed Internet.

Although HUD plans to issue regulations that will formalize its steps for narrowing the digital divide, Housing Trust Fund program funds can be used for broadband installation infrastructure and service delivery.

### **May Housing Trust Fund (HTF) grant funds be used when developing (constructing or rehabilitating) housing with these funds and what costs related to broadband internet access are eligible?**

Yes. Under § 93.201(a) in the HTF rule, HTF funds may be used for the actual costs of constructing or rehabilitating (development hard costs) single family or multifamily housing, including the costs to wire the property for broadband internet. The costs to make utility connections, including off-site connections from the property line to the adjacent street are also eligible under HTF at § 93.201(a) (3) (ii). HUD includes internet connectivity in the regulatory definition of "utility connections."

For both new construction and rehabilitation of multifamily rental projects, HTF funds may be used for costs to construct or rehabilitate community facilities that are located within the same building as the housing, and which are for the use of the project residents. However, HTF funds cannot pay for a computer room located in a separate building from the assisted housing.

HTF funds also may not pay for equipment or furniture in the computer room.

If a multi-unit project does not contain 100 percent HTF-assisted units, only a portion of the cost of providing broadband internet access in the project or the cost to construct a computer room may be charged to the HTF program because only the actual HTF eligible development costs of the assisted units may be charged to the program in accordance with the HTF rule at § 93.200(c) (1).

All HTF-assisted housing must meet the minimum property standards at § 93.301 upon completion, so efforts to provide broadband internet access in existing housing must be undertaken as part of rehabilitation that brings the housing up to the property standards.

### **May HTF funds be used to make broadband internet connections to housing?**

Yes. As part of a new construction or rehabilitation activity, the HTF rule at § 93.201(a) (3) (ii) states that HTF may pay for the development costs to make utility connections, including connections from the property line to the adjacent street. This includes broadband internet connections.

However, HTF cannot be used for any off-site improvements, including running broadband internet cable or wires to the project site. Use of HTF funds is limited to the improvements on

the project site, i.e., the land, owned by the project owner, upon which the HTF-assisted project is located.

Further, the HTF rule at § 93.200(d)(1) specifies that only the actual HTF eligible development costs of the assisted units may be charged to the program. If a multi-unit project does not contain 100 percent HTF-assisted units, then only a portion of the cost of the utility connections may be charged to the HTF program.

### **May HTF funds be used to provide a computer room in a multifamily rental project?**

Yes. As part of new construction and rehabilitation costs of multifamily rental projects, the HTF rule at § 93.201(a) (4) states that HTF funds may be used for costs to construct or rehabilitate community facilities that are located within the same building as the housing, and which are for the use of the project residents. HTF funds cannot be used to pay for a computer room located in a separate building from the assisted housing.

While HTF funds may be used to construct a multi-purpose room that could serve as a computer room, HTF funds may not be used for the purchase of furniture or equipment.

If a multi-unit project does not contain 100 percent HTF-assisted units, then only a portion of the cost of a computer room may be charged to the HTF program because only the actual HTF eligible development costs of the assisted units may be charged to the program in accordance with the HTF rule at § 93.200(c) (1).

### **May HTF funds be used to provide computer equipment in a multifamily rental project?**

No. HTF funds may not be used to pay for furniture or equipment for a computer room, even as part of a multifamily assisted rental property.

# **Cross Cutting Requirements**

## **Do Davis-Bacon Labor Standards apply to the HTF?**

Updated: June 19, 2015

No. The HTF was established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289). This statute did not make the labor standards of Davis-Bacon applicable to the HTF. Therefore, in order to be consistent with the statute, HUD did not require Davis-Bacon labor standards on the HTF in the interim rule.

# **Program Requirements**

## Maximum Per Unit Development Subsidy

### How should States establish maximum per-unit development subsidy amounts for Housing Trust Fund (HTF) projects?

Pursuant to 24 CFR 93.300(a), all HTF grantees must establish maximum limitations on the total amount of HTF funds that the grantee may invest per-unit for development of non-luxury housing. The limits must be "reasonable" and based on actual costs of developing non-luxury housing in any given geographical area. Each grantee must submit maximum per-unit development subsidy amounts and accompanying justification with its HTF Allocation Plan on an annual basis.

There are a number of factors grantees should consider when developing maximum per-unit development subsidy amounts.

First, maximum per-unit development subsidy amounts must be adjusted for number of bedrooms and for the geographic location of the project. Because actual construction and land costs vary by areas, Grantees will establish multiple limits for the State. If a Grantee determines that a single limit is appropriate for the entire State, it must submit documentation supporting its determination that there is not a significant variation in construction or land costs across the State.

Second, maximum per-unit development subsidy amounts must be based upon actual total development costs, including costs that are not eligible to be paid with HTF and costs funded from sources other than HTF. The subsidy limits should take into account the cost of meeting applicable codes and standards for rehabilitation or new construction in the area.

Finally, maximum per-unit development subsidy amounts must reflect the costs associated with meeting all applicable HTF program requirements and other federal requirements. Specifically, the limits should account for all costs associated with producing housing units for extremely low-income families and costs associated with meeting priority housing needs of the State (e.g., green building standards, accessibility for special needs populations, etc.).

If a grantee chooses to provide HTF funds as operating cost assistance or operating cost assistance reserves to an HTF-assisted rental project, that assistance does not count towards the maximum per-unit development subsidy amount. However, the operating cost subsidies are still capped at 30 percent of each annual grant.

Grantees may choose to establish new maximum per-unit development subsidy amounts for projects funded with HTF, or they may choose to use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs). As part of its HTF Allocation Plan, each grantee must submit a description of how the HTF maximum per-unit development subsidy amounts were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements. Also, grantees must maintain program files for each annual HTF grant that include documentation of how the limits were established, and reflect actual costs that are reasonable for developing non-luxury housing.

# Rehabilitation Standards

## What are the required elements of rehabilitation standards established by States for rental or homebuyer housing being rehabilitated with HTF funds?

States must establish rehabilitation standards that all HTF-assisted housing undergoing rehabilitation must meet at the time of project completion, pursuant to the HTF implementing regulations at 24 CFR 93.301(b). If a State intends to use its HTF funds for housing being rehabilitated, it must submit its standards to HUD as part of its HTF allocation plan. The standards submitted to HUD must contain sufficient detail to determine the rehabilitation work required in a project and the methods and materials to be used.

A State's standards may refer to applicable codes or may establish requirements that exceed the minimum requirements of the codes. At a minimum, a State's rehabilitation standards must address:

- 1) **Health and Safety** – Identify life-threatening deficiencies, which must be addressed immediately if the housing is occupied at the time of rehabilitation.
- 2) **Major Systems** – Including structural support, roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.
  - **Requirements for Rental Housing**
    - Standards must require an estimate (based on age and condition) of the remaining useful life of these systems, upon project completion of each major system.
    - For multifamily housing with 26 or more total units, the useful life of systems must be determined through a capital needs assessment that determines the work to be performed and identifies the long-term physical needs of the project.
    - If the remaining useful life of one or more major system is less than the applicable period of affordability, the standards must require the grantee to ensure a replacement reserve is established and adequate monthly payments are made to repair or replace the systems as needed.
  - **Requirements for Homebuyer Housing** – The standards must require that, upon completion, each of the major systems have a minimum useful life of 5 years (or a longer period, if established by the grantee) **or** the major systems must be rehabilitated or replaced as part of the rehabilitation work.
- 3) **Lead-Based Paint** – Standards must require housing to meet applicable provisions of 24 CFR part 35.
- 4) **Accessibility** – Standards must require housing to meet:

- Accessibility requirements at 24 CFR part 8 (implementing section 504 of the Rehabilitation Act of 1973) and Titles II and III of the Americans with Disabilities Act implemented at 28 CFR parts 35 and 36.
- For “covered multifamily dwellings,” as defined at 24 CFR 100.205, standards must require that the housing meets the design and construction requirements at 24 CFR 100.205. (Note that grantees may use HTF funds for other improvements that permit use by a person with disabilities, even if they are not required by statute or regulation.)

- 5) **Disaster Mitigation** – Where relevant, the standards must require the housing to be improved to mitigate the potential impact of potential disasters (e.g., earthquakes, hurricanes, floods, and wildfires) in accordance with state or local codes, ordinances, and requirements, or such other requirements that HUD may establish.
- 6) **State and Local Codes, Ordinances, and Zoning Requirements** – The standards must require the housing to meet all applicable State and local codes, ordinances, and requirements. In the absence of State or local building codes, the housing must meet the International Existing Building Code of the International Code Council.
- 7) **Uniform Physical Condition Standards (UPCS)** – Standards must ensure that the housing will be decent, safe, sanitary, and in good repair as described in 24 CFR 5.703. While States are not required to adopt the standards of criticality or use the HUD’s Real Estate Assessment Center’s (REAC) scoring protocol, each State’s standards must include the UPCS inspectable items and observable deficiencies for the Site, Building Exterior, Building Systems (multifamily housing only), Common Areas (multifamily housing only), and Units identified on the following charts. The rehabilitation standards must identify the type and degree of deficiency that must be addressed. View the HTF FAQ Appendices: Uniform Physical Condition Standards for Multifamily and Single Family Housing Rehabilitation. Appendix A applies to HTF-funded multifamily housing undergoing rehabilitation. Appendix B applies to HTF-funded single family housing undergoing rehabilitation.